

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 PA-04 PRS-01 USIA-15 DRC-01 /160 W

----- 111066

R 211809Z JUN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1485

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

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AMCONSUL BELFAST

AMCONSUL LIVERPOOL

AMCONSUL EDINBURGH

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E.O. 11652: N/A

TAGS: PINT, UK

SUBJECT: GOVERNMENT SUFFERS SECOND PARLIAMENTARY
DEFEAT

REF: LONDON 7751

SUMMARY: THE GOVERNMENT SUFFERED A SECOND HUMILIATING
DEFEAT IN THE COMMONS YESTERDAY WHEN OPPOSITION PASSED A
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MOTION DEPLORING LABOR'S PLANS TO EXTEND NATIONALIZATION

OF BRITISH INDUSTRY. DESPITE INCREASED PRESSURE ON WILSON TO CALL JULY ELECTION, WE CONTINUE TO BELIEVE ELECTION WILL BE HELD EARLY AUTUMN. IN ANY EVENT, NATIONALIZATION PROMISES TO BE MAJOR ISSUE IN CAMPAIGN. END SUMMARY.

1. THE LABOR GOVERNMENT SUFFERED ITS SECOND PARLIAMENTARY DEFEAT WITHIN TWENTY-FOUR HOURS YESTERDAY (JUNE 20), THIS TIME BY A MARGIN OF 311 TO 290. THE CONSERVATIVES ENLISTED THE SUPPORT OF LIBERALS, SCOTTISH NATIONALISTS, AND ULSTER UNIONISTS FOR A MOTION DEPLORING THE GOVERNMENT'S PLANS FOR A MASSIVE EXTENSION OF NATIONALIZATION.

2. IN THE DEBATE PRECEDING THE VOTE, HEATH DECLARED THAT "THE INDUSTRIAL POLICY OF THE LABOR PARTY HAS BEEN THE CURSE OF BRITAIN FOR 25 YEARS." THIS GOVERNMENT, HE CHARGED, HAD INFLICTED A PLANNING BLIGHT ACROSS THE WHOLE FACE OF INDUSTRIAL BRITAIN. AFTER THE VOTE, HEATH CALLED UPON THE PRIME MINISTER TO RENOUNCE LABOR'S NATIONALIZATION PLANS.

3. IN REPLY, WILSON ACKNOWLEDGED THAT THE GOVERNMENT HAD BEEN DEFEATED ON A VITAL PART OF ITS ELECTION MANIFESTO, BUT REFUSED TO BE DRAWN OUT ON WHAT HE MIGHT DO ABOUT IT. "IN DUE COURSE OUR DECISION WILL BE MADE KNOWN," HE SAID. DURING THE DEBATE, HOWEVER, TONY BENN, LABOR'S LEADING ADVOCATE OF MASSIVE NATIONALIZATION, MADE CLEAR THAT IF LABOR LOST IN THE COMMONS ON THIS ISSUE, IT WOULD TAKE ITS CASE TO THE ELECTORATE AND EVENTUALLY RETURN WITH A CLEAR MANDATE TO CARRY THROUGH ITS POLICIES.

4. AS THOUGH TO UNDERScore THE GOVERNMENT'S PARLIAMENTARY WEAKNESS, THE OPPOSITION ALSO INFLICTED FOUR DEFEATS ON IT YESTERDAY IN THE COMMITTEE CONSIDERING THE FINANCE BILL' ALL OF THIS PROVOKED GOVERNMENT CHIEF WHIP MELLISH TO DECLARE BLUNTLY THAT THE EXISTING PARLIAMENT WAS NO LONGER FEASIBLE. IT HAS ALSO INTENSIFIED MEDIA SPECULATION THAT WILSON MAY STILL BE PRESSURED INTO GOING FOR A JULY ELECTION.

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R 211809Z JUN 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 1486

INFO AMEMBASSY BONN

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5. COMMENT: WE CONTINUE TO BELIEVE THAT WILSON IS MUCH MORE LIKELY TO CALL A GENERAL ELECTION IN LATE SEPTEMBER OR EARLY OCTOBER. BEFORE DISSOLVING PARLIAMENT, HE WILL WANT TO ENSURE THAT THE INDUSTRIAL RELATIONS ACT HAS BEEN REPEALED. THIS IS EXPECTED TO BE ACCOMPLISHED IN JULY AND WILL REPRESENT THE DISCHARGE OF AN IMPORTANT OBLIGATION TO THE TRADE UNIONS. SECONDLY, HE KNOWS
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THAT DURING A PARLIAMENTARY RECESS, THE GOVERNMENT HAS A GREAT ADVANTAGE OVER THE OPPOSITION IN CAPTURING HEADLINES. IF THE RECESS NOW EXPECTED TO START ABOUT JULY 20 COINCIDES WITH THE RUN-UP TO A GENERAL ELECTION, IT COULD GIVE THE GOVERNMENT A VALUABLE EDGE. FINALLY, IT IS WIDELY FELT THAT A SUMMER ELECTION WOULD BE UNPOPULAR AND THAT A GOVERNMENT THAT CALLED IT MIGHT SUFFER.

6. BALANCED AGAINST ALL THESE FACTORS, OF COURSE, IS THE DETERIORATING ECONOMIC SITUATION IN BRITAIN. WILSON MAY RECKON THAT HE CAN SAFELY WAIT UNTIL SEPTEMBER OR OCTOBER, BUT DELAY BEYOND THEN WOULD APPEAR UNWISE IF HE IS TO AVOID THE ONUS FOR THE SEVERE ECONOMIC TROUBLES PREDICTED FOR THE END OF THE YEAR.

7. IN ANY EVENT, YESTERDAY'S DEBATE AND VOTE SHOWED THAT THE CONSERVATIVES BELIEVE THEY HAVE A WINNING ISSUE IN LABOR'S NATIONALIZATION PLANS, AND THAT EVEN THOUGH THE GOVERNMENT HAS NOT YET INTRODUCED LEGISLATION TO START IMPLEMENTING THEM, THE CONSERVATIVES INTEND TO FOCUS ATTENTION ON THEM IN THE ELECTION CAMPAIGN.

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